



AGC of America
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
Quality People. Quality Projects.



Association Overview

2018 NACF Annual Meeting Montréal, Québec

Quality People.
Quality Projects.



AGC At A Glance

- **26,500 Member Companies**
 - 6,500 general contractors
 - 8,800 specialty contractors
 - 11,000 material suppliers and service providers
- **89 Chapters**
- **Four Divisions**
 - Building
 - Federal
 - Highway & Transportation
 - Utility Infrastructure
- **Governance**
 - 600-person Board of Governors
 - 25-person Board of Directors



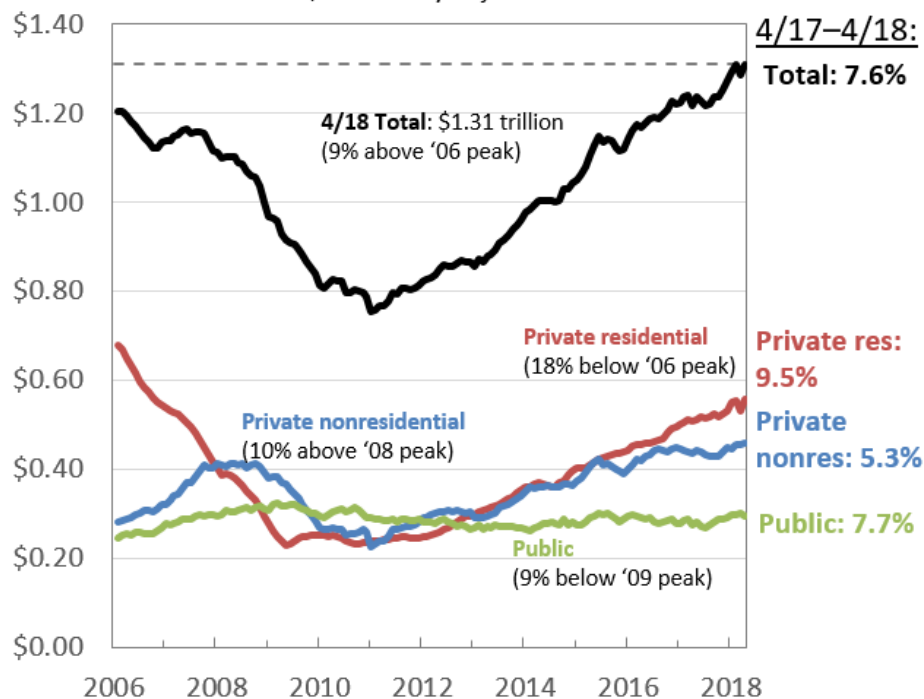
Industry Outlook



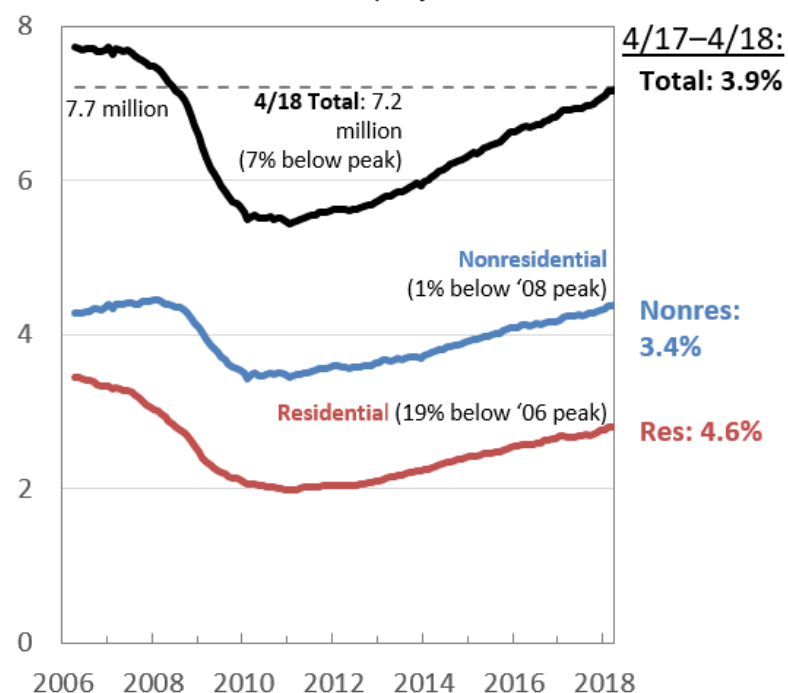
2018 Economic Update

Construction spending & employment, 2006–2018

Spending put in place, Feb. '06 (peak)–Apr. '18
trillion \$, seasonally adjusted annual rate



Employment, Apr. '06 (peak)–Apr. '18
millions, seasonally adjusted



Political Outlook and Association Priorities

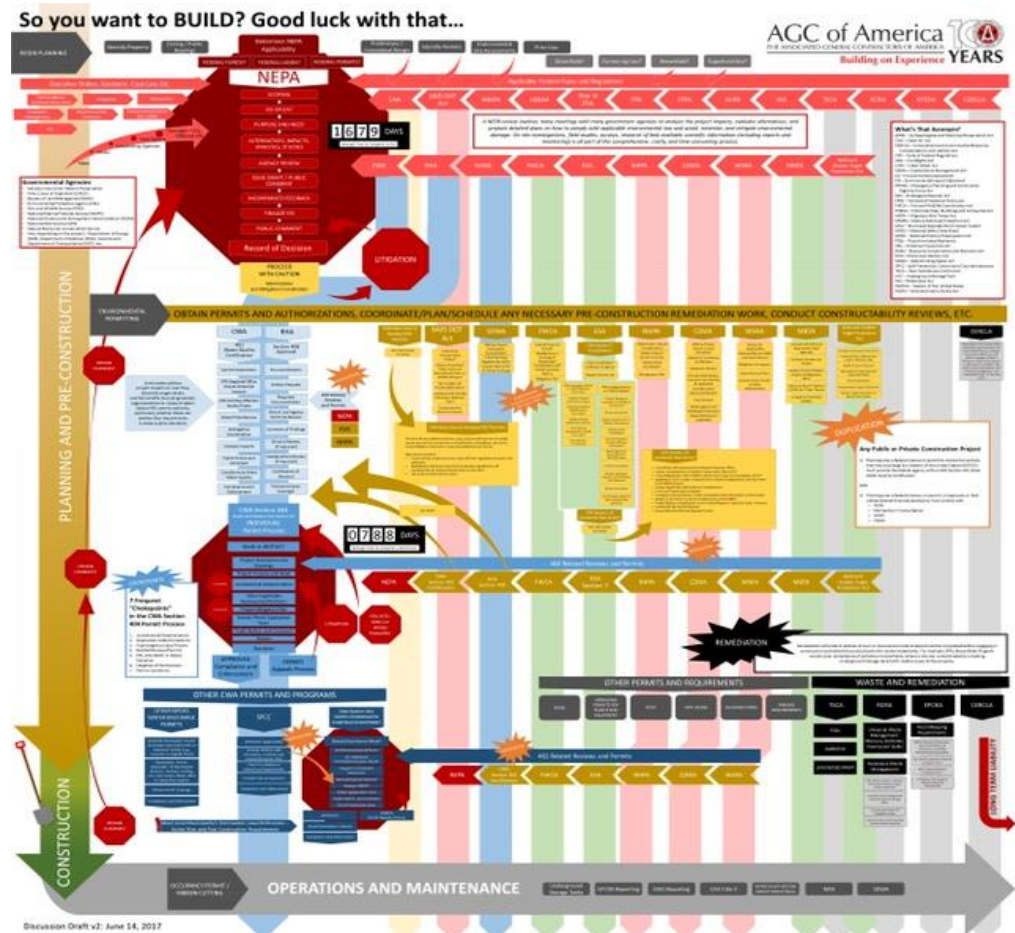
AGC Legislative Issues

- **Infrastructure Investment**
 - Highway & Transit Funding
 - Clean Water Act and Safe Drinking Water Act funding
 - Water Resources Development Act
 - Airports Reauthorization
- **Regulatory Reform**
- **Immigration Reform**
- **Multi-Employer Pension Reform**
- **Help elect political candidates that support the industry**



Recent Legislative Highlights

- Thirty-Five Page White Paper
- Continuous Communication with White House Council on Environmental Policy
- Congressional Testimony
 - House Transportation and Infrastructure Committee
 - House Small Business Committee
 - House Natural Resources Committee
 - Senate Committee on Environment and Public Works
 - Senate Homeland Security and Governmental Affairs Committee



Recent Regulatory Highlights

U.S. DEPARTMENT OF LABOR

- **REPEALED:** Obama OSHA Rule that extends statute of limitations from 6 to 66 months for injury and illness record keeping rules
- **REPEALED:** Obama Blacklisting Rule for Federal Contractors
- **SUSPENDED:** Obama Overtime Rule doubling salary threshold
- **RESCINDED:** Obama's Guidance Granting Walk Around Rights for Unions At Open Shop Jobsites
- **RESCINDED:** Withdrawal of 2015 and 2016 Guidance on Joint Employment and Independent Contractors
- **IN QUESTION:** OFCCP's Audit Selection Policy for Construction
- **UNDER REVIEW:** The Obama Persuader Rule

NATIONAL LABOR RELATIONS BOARD

- **UNDER REVIEW:** Joint Employer Standard
- **UNDER REVIEW:** Ambush/Quickie Election

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

- **SUSPENDED:** Obama Revised EEO-1 Report requiring contractors to report all employees comp. data and aggregate hours worked by race, ethnicity and gender within 12 pay bands and 10 job categories

U.S. DEPARTMENT OF TRANSPORTATION

- **WITHDRAWN:** Local Hiring Proposed Rule and Pilot Program
- **RESCINDED:** National Performance Management relating to GHG

U.S. ENVIRONMENTAL PROTECTION AGENCY

- **UNDERWAY:** Repeal & Replace of WOTUS Rule
- **SUSPENDED:** Pursuit to revise stormwater regs governing post-construction discharges
- **SUSPENDED:** Lead paint work practice rules for public and commercial buildings
- **RESCINDED:** Sue and Settle Policy w/ Environmentalists
- **RESCINDED:** Obama directive establishing preference for compensatory mitigation where unavoidable adverse impacts may occur.
- **RESCINDED:** NEPA Guidance encouraging agencies to quantify direct and indirect GHG emissions for construction projects during NEPA Review

U.S. DEPARTMENT OF THE TREASURY

- **WITHDRAWN:** Rule eliminating Estate Tax valuation discounts for family members receiving interest in a family controlled business.

U.S. DEPARTMENT OF JUSTICE

- **NULLIFIED:** Policy actively seeking to hold individuals criminal liable for company's environmental violations





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Issue Discussion

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International Investment & Trade Agreements

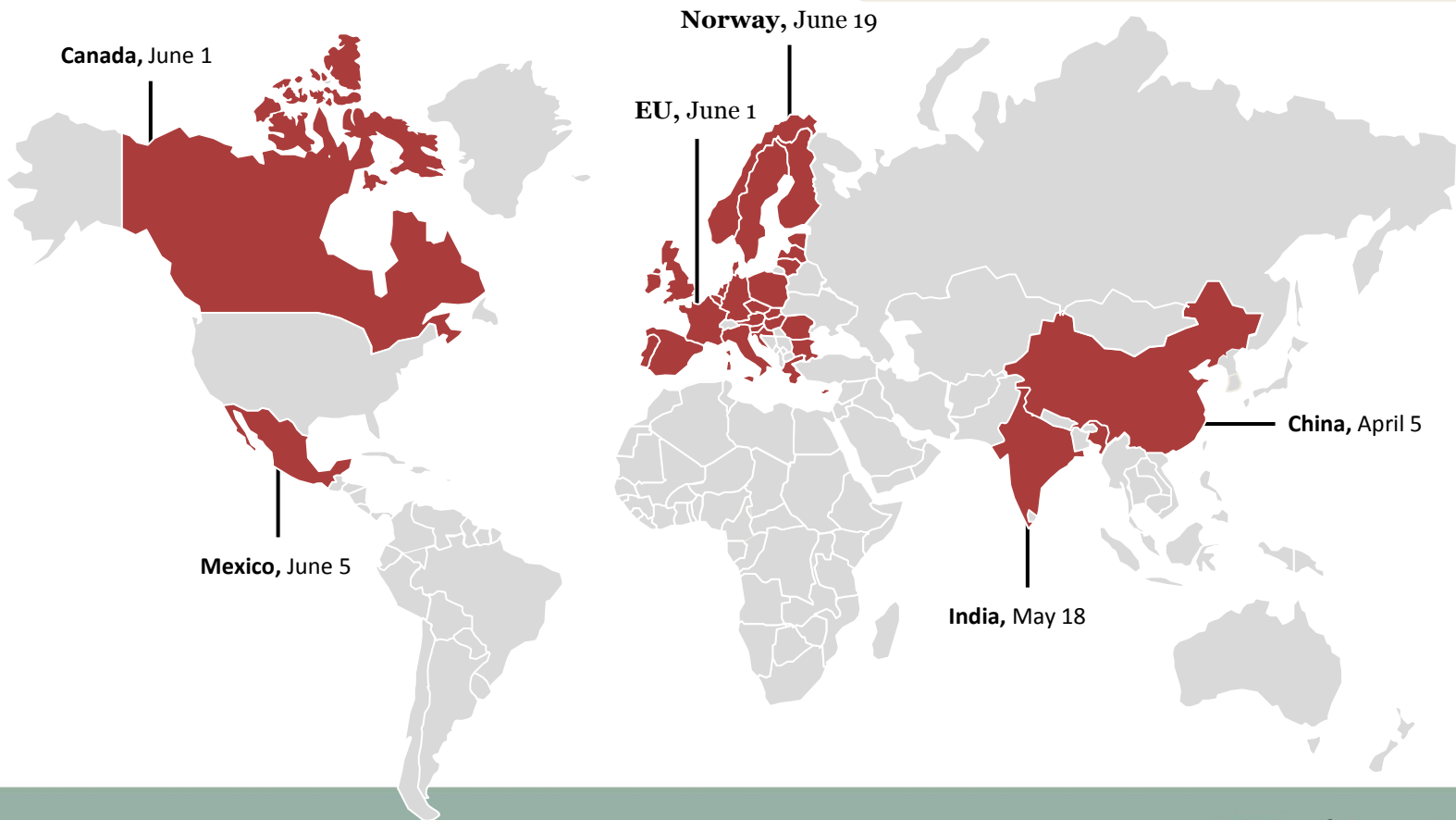
Increased Tariffs

- Steel and aluminum tariffs of 25% went into effect June 1st
- Mexico and EU: accounts for 30% of domestic steel
 - Even the threat of tariffs had already resulted in price spikes
 - Mexico's retaliatory tariffs took effect June 5th
 - U.S. products such as pork, cheese, cranberries, whiskey and apples.
 - Canada implemented retaliatory Tariffs on July 1st
 - U.S. products such as yogurt, caffeinated roasted coffee, toilet paper and sleeping bags.
- 25 percent tariffs on \$50 billion worth of imported Chinese goods
 - Some of which could include construction equipment, products and materials
 - e.g., concrete or mortar mixers; electric signaling items for traffic or safety control; elevators and conveyors; tower cranes; tunneling machinery; water pumps, etc.
 - AGC urged the administration to remove construction-related goods from the proposed tariff list.

Five countries and the EU have filed WTO dispute complaints against the Section 232 tariffs

■ Country has filed a WTO dispute complaint against the US

The countries have accused the US of imposing the tariffs “for reasons related to economic welfare and other factors” rather than for national security concerns as claimed by President Trump



What is AGC doing?

- AGC has publicly opposed increased tariffs
 - Sent AGC letter to President urging more calculated response
 - Sent AGC statement to House Ways and Means
 - Submitted comments to US Trade Representative
 - Supported Senator Corker’s effort to check Presidential “national security” authority that allows the President to unilaterally impose Tariffs.
 - President Trump used this to invoke Steel and Aluminum Tariffs
 - Called on AGC members to write Congress opposing tariffs
- Resources for AGC members on website
 - Memo on escalation clauses for private work
 - Memo on Escalation clauses for federal and federally assisted work
 - Primer on Trade Actions Impacting Construction Industry

After nine rounds of NAFTA negotiations, some major sticking points have emerged:

- **Dispute Settlements**
 - USA has demanded an option to opt-out of dispute resolution panels.
- **Sunset Clause:**
 - USA wants to review NAFTA every 5 years
- **Rules of Origin**
 - Currently 62.5% parts made in N. America
 - USA demand:
 - 75% made in N. America
 - 40% of components built by workers making at least \$16 per hour



Minister Ildefonso Guajardo (L), Chrystia Freeland (C), and Robert Lighthizer (R)

NAFTA Negotiations

- | | |
|----------------------|------------------|
| 1. August 2017: | Washington, D.C. |
| 2. Early Sept. 2017: | Mexico City |
| 3. Late Sept. 2017: | Ottawa |
| 4. October, 2017: | Arlington, VA |
| 5. November 2017: | Mexico City |
| 6. January 2018: | Montreal |
| 7. February 2018: | Mexico City |
| 8. April 2018: | Washington, D.C. |
| 9. May 2018: | Washington, D.C. |

NAFTA – Important Dates

- **Dates:**
 - **November 6, 2018:** U.S. holds midterm elections.
 - **December 1, 2018:** Inauguration Day for Mexico's new president.
- NAFTA talks might occur under the new government late 2018 or early 2019.
- “I want to wait until after the (November) election.”
 - *President Trump discussing NAFTA, Fox News interview on July 1, 2018*



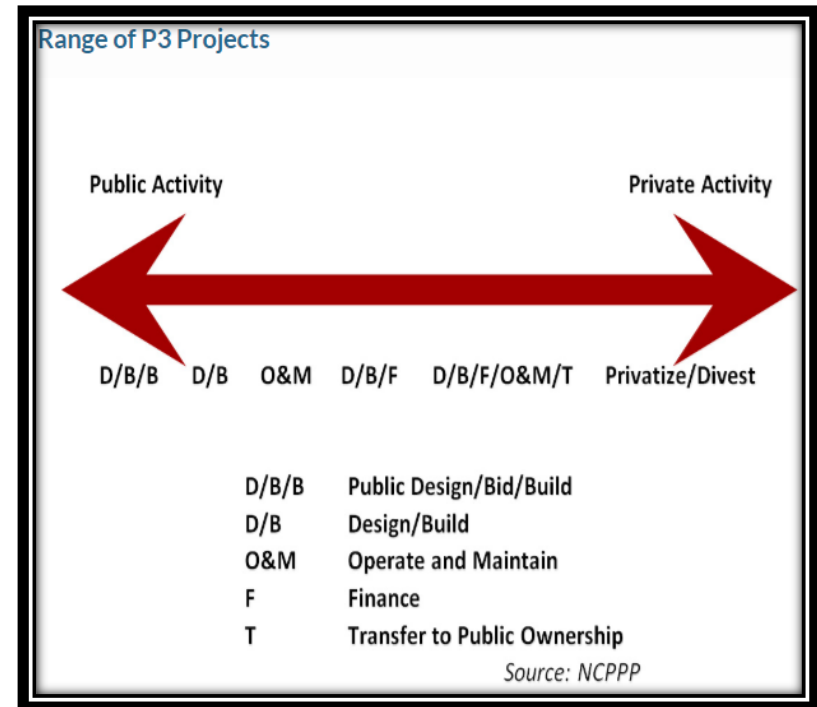
- **Will President Trump pull out of NAFTA?**
 - Possibly, may have the authority, many unknowns remain
 - No precedent - US has never left a trade agreement
 - Public support for NAFTA has increased, but may not be relevant
 - 56% Support, 33% Oppose
- **AGC supported NAFTA passage and other recent Free Trade Agreements.**
- **AGC opposes expansion of Buy America requirements and trade tariffs**



Public-Private Partnerships (P3s)



- AGC supports use of P3s
 - P3s are a supplement and not a replacement for direct federal funding
 - Revenue should be invested in other infrastructure programs.
- P3s are primarily used by local governments, rarely by Federal Government
 - Examples:
 - Toll Roads
 - Airports



Future of P3s

- Trump Infrastructure plan
 - Leverage \$200 billion to create \$1.5 trillion investment in infrastructure
- More discussion in Congress about P3s
- Working with the Department of Treasury and Congress to provide favorable tax status
 - Interest Limit Rule



Legislative Outline for Rebuilding Infrastructure in America

THE WHITE HOUSE
THE WHITE HOUSE

Community Benefits

Community Benefits

- Federal Set Aside Contracts
 - Women-Owned Small Business
 - Alaska Native Corporations
 - 8(a) Corporations
 - HubZone
 - Service Disabled Veteran-Owned
- U.S. Small Business Administration's new Mentor-Protégé Program



Women-Owned Small Business



8(a) Business Development



HUBZone



Service-Disabled Veteran-Owned

Community Benefits

Diversity & Inclusion

- Construction Industry is becoming more diverse
- Associations must adapt to embrace the changing demographics
- Increase outreach to all that we represent
- AGC Diversity & Inclusion Council



Technology and Innovation

Technology and Innovation

- New Digital Age calls for new planning
- Take better advantage of technology.
 - Less physical travel, more virtual interactions
 - Increase social media presence
- BIM and Lean Construction



AGC Education

BIM
EDUCATION
PROGRAM

CM-BIM
CERTIFICATE OF
MANAGEMENT
BUILDING INFORMATION MODELING



What is AGC Doing?

- AGC's Innovation awards
- Among the issues needing innovative solutions include:
 - Workforce shortage and lack of diversity;
 - Technology advancements;
 - Jobsite safety;
 - Sustainability; and
 - Project complexity



Workforce

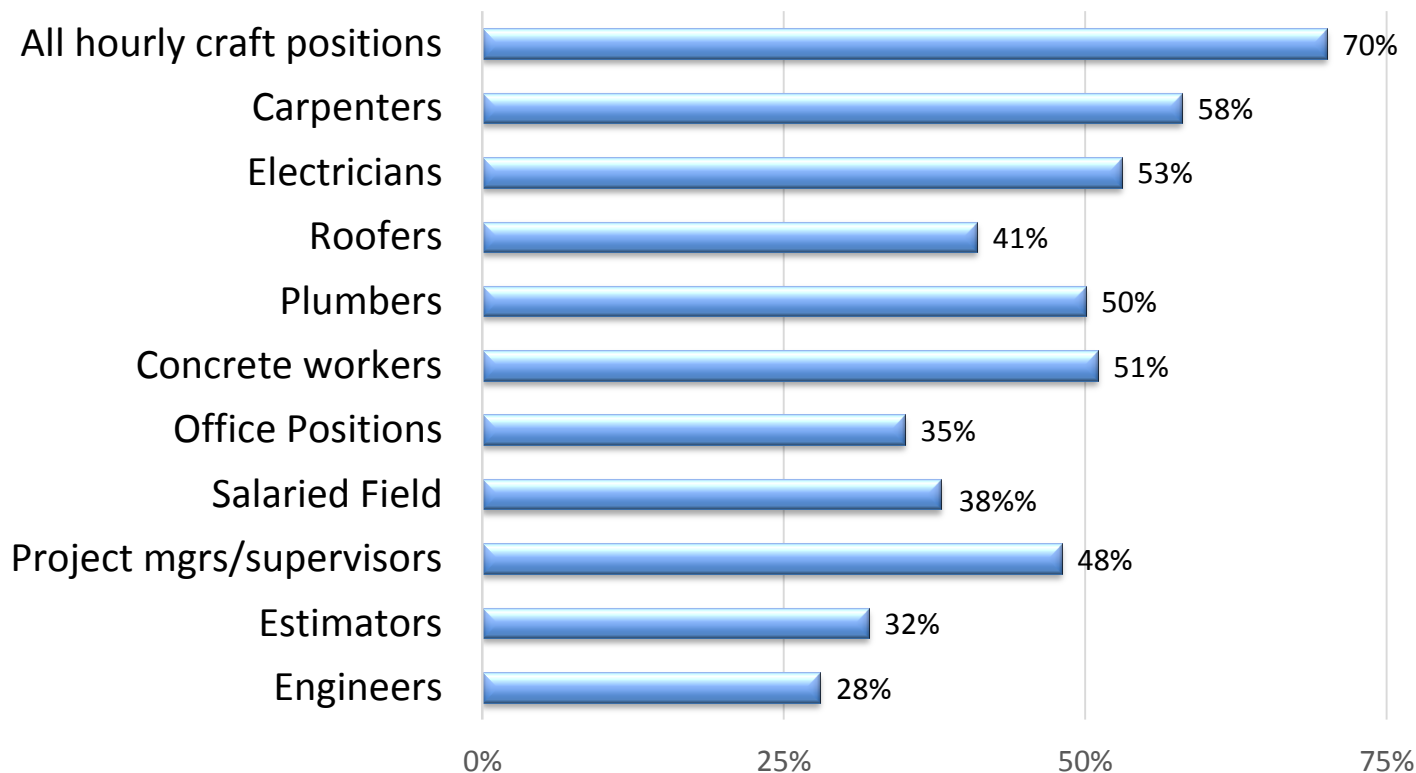
2016-17 Summary, 2018 Forecast

	2016 actual	2017 actual	2018 <u>forecast</u>
Total spending	6%	4-5%	2-7%
Private – residential	11%	11%	6-9%
– nonresidential	8%	1%	1-5%
Public	-1%	-3%	-3 to 3%
Goods & services inputs PPI	2%	5%	4-5%
Employment cost index	2.2%	2.5%	3-4%

Source: actuals: Census, BLS; forecasts: Author's estimates

Hardest positions to fill

% of respondents who are having trouble filling



Workforce Development

- AGC Industry Priority
 - 82% of AGC members expect hiring to either remain difficult or become harder over the next year
- Many issues and solutions are community based
 - Sharing best practices across AGC Chapters with our [Workforce Development Resource Center](#)
- Developed a website [Build Template Website](#) for use by AGC Chapters
- Advocate for workforce training in any infrastructure bill and for education reform within the Perkins Act and other avenues to enhance Career and Technical Education.
- Team with industry partners to promote the industry through targeted social media campaigns and [Build Your Future](#)



Workforce and Immigration

- **AGC has advocated for decades to reform the immigration system**
- **The broken system:**
 - Fails to provide opportunities for legal immigration thereby creating a permanent underclass of illegal workers.
 - Utilize the latest technology to verify work status.
 - Has created a patchwork of ordinances that creates uncertainty for employers who are trying to comply with competing federal, state or local ordinances.
- **To fix the broken immigration system, AGC urges Congress to:**
 - Strengthen national security.
 - Create a fair and efficient employment verification system.
 - Create a program for temporary guest workers.
 - Address the current undocumented population in the U.S.
 - Earned legalization.



Workforce and Immigration

- In late June, House of Representatives failed to pass two immigration bills.
- Goodlatte bill
 - Increase border security/interior enforcement
 - Extends DACA authorization in 3 year blocks
 - Penalizes sanctuary cities
 - Farm guest worker program
 - Mandatory E-verify
- Leadership negotiated bill (“4 pillars”)
 - Path to citizenship for Dreamers
 - Border security including wall
 - End diversity visa lottery
 - Limit family based immigration





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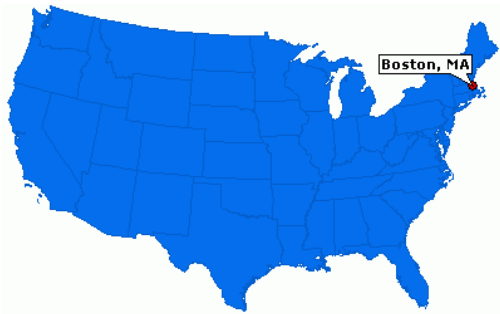


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Boston Massachusetts The Langham Hotel July 7-9, 2019

